

**Arcadia Brochure
(Part 2A of Form ADV)**

ARCADIA FUNDS, LLC

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November 9, 2016

This brochure provides information about the qualifications and business practices of Arcadia Funds, LLC ("Arcadia Funds"). If you have any additional questions about the contents of this brochure, please contact us at 781-418-1049. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Arcadia Funds is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors and Knowledgeable Employees by means of a private placement memorandum and related subscription materials.

Additional information about Arcadia Funds is available on the SEC's website at <http://www.adviserinfo.sec.gov>. The SEC's web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Arcadia Funds.

Item 2. Material Changes

From time to time, Arcadia Funds may amend this Disclosure Brochure to reflect changes in its business practices, changes in regulations and routine annual updates as required under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) or the rules adopted thereunder by the SEC. This Disclosure Brochure shall be provided to each client annually and if a material change occurs.

The Brochure dated May 16, 2016 amended the previous Brochure dated March 24, 2016. A Summary of the Material Change is as follows:

Item 11: This item has been revised to state that a current board member, the former CEO, and Lending Club itself all have a non-controlling limited partnership interest in Cirrix Capital, L.P.

The Brochure dated June 3, 2016 amended the previous Brochure dated May 16, 2016. A summary of the change is as follows:

Items 15: Custody: A sentence was added to describe LendingClub Corporation’s role as a custodian for certain loan documentation.

This Brochure dated November 9, 2016 amends the previous brochure dated June 3, 2016. The assets under management was changed to \$866,641,671, which reflects Arcadia Funds’ assets as of September 30, 2016.

The Disclosure Brochure may be requested by contacting Arcadia Funds at 781-418-1049 or emailing your request to bclark@arcadiafunds.com. This is the initial Form ADV filing by Arcadia Funds as an SEC-registered investment adviser.

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Item 4. Advisory Business

Arcadia Funds

Arcadia Funds, LLC (“Arcadia Funds”) is a federally registered investment adviser that provides investment management services to clients, as further described below. Arcadia Funds is a Delaware limited liability company with its principal place of business in Massachusetts. Arcadia has been in business since 2012.

Arcadia Funds is wholly owned by Andrew Hallowell (Managing Director and Chief Executive Officer), Brent Clark (Managing Director), Jonathan Green (Managing Director) and Anson Stookey (Managing Director).

Arcadia Funds provides investment advisory services and investment management sub-advisory services to one or more pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (the “Funds”). These Funds are structured as limited partnerships. Arcadia Funds may in the future provide investment advisory services to investment vehicles that are registered under the 1940 Act and the Securities Act.

Arcadia Funds also provides investment advisory services to an institutional client through a separate account. Arcadia anticipates providing advisory services to additional clients through separate accounts.

The Funds invest in credit opportunities in which Arcadia Funds believes attractive risk adjusted returns can be realized. Such opportunities include, among other things, acquiring an interest in loans to, or guaranteeing the debt obligations of, individuals or businesses. Attractive risk adjusted returns refers to expected returns sufficient, in the estimation Arcadia Funds, to compensate for expected credit losses and other operating expenses and result in net returns providing appropriate compensation for the inherent risks of the investment.

The Funds and the separate account primarily purchase prime consumer and small business installment loans and loan participations facilitated by LendingClub Corporation (“LC”) or other facilitators or originators of loan products. These loans may include, but are not limited to, consumer installment loans and loans made to private businesses. The Funds may make investments in credit opportunities not facilitated or otherwise associated with LC. The Funds and the separate account invest in credit opportunities through special purpose entities (“SPEs” or “Portfolio Companies”) managed by Arcadia Funds. When deemed appropriate by Arcadia Funds, debt is employed by some of the Portfolio Companies to enhance returns to the investors.

The SPEs include Cirrix Capital, LLC, which generally purchase three types of consumer debt obligations, Certificates of Participation in prime consumer installment loans issued by LC Trust I (the “Trust”) facilitated by LC, near prime whole consumer installment loans sold by LC and participations in loans arranged by Springstone, a wholly-owned affiliate of LC that offers education and patient finance loans; Cirrix Capital II, LLC, which generally invests in consumer whole loans arranged by LC; and Cirrix Capital III, LLC, which generally purchases whole loans for small businesses facilitated by LC. Arcadia Funds foresees establishing future SPE’s to invest in additional LC-facilitated loans. Arcadia Funds may also establish other SPEs to invest up to an aggregate of twenty percent of a Fund’s capital in Credit Opportunities not associated with LC.

Certificates of Participation represent a special, limited obligation of the Trust. They are not secured by any collateral and are not guaranteed or insured by any third party or backed by any governmental agency. The Certificates entitle the holder to receive a stream of payments from underlying series of loans originated by a bank through the LC platform that are purchased by the Trust with the proceeds from the sale of the Certificate. The obligation of the Trust to make any payments on a Certificate is limited to the payments the Trust receives from the underlying loans. The Trust will pay principal and interest payments on any Certificate in an amount equal to the Trust’s pro rata portion of the principal and interest payments of the aggregate loans being serviced by LC, if any, that LC receives on the loans. If the Trust does not receive any payment from an underlying loan, it will have no obligation to make any payment on the Certificate and Portfolio Companies will have no direct cause of action regarding the failure to make such payment.

The Trust charges a fixed, negotiated fee paid by each investor for the services provided by the Trust. The fee will have a negative impact on the return of the Certificate of Participation.

Arcadia Funds provides investment advisory services to each of the Funds and the separate account pursuant to separate investment and advisory agreements (each, an “Advisory Agreement”). Investment guidelines for each Fund, if any, are generally established in its organizational or offering documents and/or side letter agreements negotiated with its investors. Investment advice will be provided directly to the separate account and to each Fund and not individually to the investors in the Funds.

As described more fully in Item 11 below, Arcadia Funds enters into side letter agreements with certain investors in the Funds that provide them with customized terms, which often results in preferential treatment.

Subadvisory Agreement

Under an Investment Subadvisor Agreement dated November 18, 2014 between Arcadia Funds and SALI Fund Management, LLC, SALI Fund Management appointed Arcadia Funds to act as an investment subadvisor to the SALI Multi-Series Fund, L.P. (“Series Fund”).

Pursuant to the Subadvisor Agreement, Arcadia Funds is responsible for, among other things: constructing an investment portfolio that may include investment in credit

opportunities funds, (including credit opportunities funds managed by Arcadia Funds) whole loans, and individual securities, conduct ongoing due diligence on the underlying investments selected; monitoring the performance of all underlying investments and suggesting changes to the investments, including allocations, as necessary; selecting investments in accordance with the Series Fund's investment mandate; providing an investment mandate that describes the investment style of the Series Fund and the potential risks associated with an investment in the Series Fund; ensuring the actual investments made through the Series Fund have been consistent with the investment mandate;

Investments in the Series Funds are available only to insurance company investors on behalf of certain of their segregated separate accounts for owners of variable life insurance and variable annuity contracts. While an insurance company, not a policy owner, will become a limited partner in the Series Funds, it is expected that policy owners will be able to allocate a portion of their investment held in the separate account to the Series Fund as one of the investment options of the policies.

Arcadia Funds is a newly federally registered adviser. As of September 30, 2016, Arcadia Funds had \$866,641,671 in discretionary assets under management. Arcadia Funds does not have any non-discretionary assets under management.

Arcadia Funds does not participate in wrap fee programs.

Lending Club

LC is an internet based business that originates consumer installment loans via www.lendingclub.com. These loans are funded by investors, most of which are also sourced via www.lendingclub.com. Arcadia Funds expects that in the coming months LC will launch new products in and beyond those which would commonly be termed "consumer credit." These may include auto loans, mortgages, and the issuance of credit cards as well as small business loans and other non-consumer debt obligations. Lending Club was founded in 2006, and began originating loans in 2007. As of June 30, 2015, it had originated \$11,167,217,348 of loans, and facilitating approximately \$1.9 billion in the second quarter of 2015.

LC originates loans by attracting prospective borrowers and lenders/investors to its website. Borrowers apply for a loan. LC evaluates the borrower and if approved, assigns a risk grade and pricing to the loan. The loan is then offered to the investor base. Once investors have agreed to fund the loan, LC authorizes the loan and settles the loan with funds provided by the investors.

Item 5. Fees and Compensation

As compensation for investment advisory services provided to the Funds, Arcadia Funds bills the Funds and receives a monthly investment management fee. Management fees are deducted directly from the clients' accounts and paid directly to Arcadia Funds. Arcadia

Funds may enter into different fee arrangements on a client-by-client basis pursuant to side letters or otherwise.

Management Fee

The fees and expenses with each separate account will be negotiated with each separate account and will be described in detail in each separate account's investment management agreement.

The precise amount, and the manner and calculation of, the management fee for each Fund will be established by Arcadia Funds and set forth in the applicable Advisory Agreement, limited partnership agreement (or analogous organizational document) and/or other documentation received by each investor prior to investing in a Fund. Fees may differ from one Fund to another and there may be waivers or reductions for certain investor accounts.

Upon the termination of an Advisory Agreement, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to all management fees collected in advance.

Arcadia Funds may, in its sole and absolute discretion and from time to time, agree to waive or rebate all or a portion of a management fee or, with the consent of the affected limited partner, charge a Management Fee on a different basis or at a different rate, all without the consent or approval of, or notice to, any limited partner. Any management fees payable by the partnership will be reduced by 100% of any placement fees paid by the partnership, such reduction to be applied from time to time against the aggregate installments of management fees to the extent that any items of placement fees paid by the partnership have not been previously applied to reduce prior management fee payments.

Arcadia Funds and the General Partner of a Fund will be entitled to receive consulting fees, advisory fees, or any other fees for service paid to the General Partner or its affiliates by any party in connection with the facilitation, completion, management, holding, disposition, termination, cancellation, or abandonment of any consummated or proposed investment or other transaction by the partnership, as determined by the General Partner in its sole discretion; provided that any such fees or compensation will be on customary terms and at competitive market rates for comparable services, as determined by the General Partner in its reasonable discretion. These fees will not offset or otherwise reduce the Management Fee payable by the partnership.

Administrative Fees

In addition, each SPE or Portfolio Company may pay Arcadia Funds an administrative fee of up to 1.25% per annum of the total assets under management of such SPE. This Administrative Fee will be used to pay the operating expenses of the manager and certain operating expenses of such SPE, including but not limited to custody and administrations fees, legal, accounting, audit and tax preparation fees and employees or other dedicated resources. The Administrative Fee may also be used to pay various costs incurred by the SPEs that would otherwise be payable by the SPEs as indicated in the paragraph below, including without limitation, fees and expenses relating to: (i) the negotiation and funding

of, amendments to and ongoing reporting obligations under, credit facilities, (ii) the acquisition of assets (including entering into loan purchase agreements, participation agreements or other agreements that provide a contractual right to payment streams derived from loans) and (iii) legal and other fees related to regulatory compliance by the SPE.

Other Fees

Arcadia Funds has entered into arrangements pursuant to which it compensates third parties/wholesalers for gathering assets into the Funds. Any fees charged to, or expenses incurred by Arcadia Funds in connection with these arrangements will be charged to the investors in the Funds.

Arcadia Funds has also entered into an agreement pursuant to which it compensates a third party for soliciting clients to invest with Arcadia Funds through individual investment management or investment advisory accounts.

Although Arcadia Funds does not intend to generally utilize the services of broker-dealers for transaction related services, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, the Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Expenses

All Fund expenses not covered by Arcadia Funds or the General Partner will be borne by the partnership or Fund, as applicable ("Expenses"), including: (i) the reasonable costs and expenses, including legal and accounting fees, incurred in the investigation, diligence, negotiation, purchase, holding, trading, management, administration, sale, or exchange of securities or underwriting commitment, as applicable, acquired or proposed to be acquired, arranged, or financed by the partnership or Fund, including without limitation proposed but unconsummated transactions (whether the partnership or Fund has submitted a term sheet, executed a letter of intent, or otherwise formally expressed an interest therein); (ii) agency, intermediary, or brokerage fees, and commissions; (iii) organizational expenses and the fees and expenses (including legal and accounting) incurred in connection with the operation, dissolution, and liquidation of the partnership; (iv) interest on borrowed money or margin accounts of the partnership or Fund (but not of any portfolio company); (v) real property or personal property taxes on investments or taxes applicable to the partnership or Fund on account of operations; (vi) fees incurred in connection with the maintenance of bank or custodian accounts; (vii) expenses incurred in connection with the registration of securities acquired by the partnership under the Securities Act or other applicable securities laws or regulations; (viii) expenses incurred in connection with the financing or arrangement of any guarantees, security arrangements, or underwriting commitments (but excluding any finder's fees); (ix) all expenses incurred in connection with the resolutions of claims or disputes involving existing or potential portfolio securities, to the extent such expenses are not paid by the issuers of securities or shared with other investors; (x) expenses associated with the preparation of the partnership's financial statements and tax returns and the annual audit of the partnership's

books and records; (xi) the cost of directors and officers, professional liability, and other similar insurance premiums (to the extent that the partnership is named as a beneficiary); (xii) the costs associated with Fund meetings and mailings; (xiii) the Management Fees; (xiv) the partnership's indemnification obligations and any extraordinary expenses such as legal fees and expenses of defending or prosecuting legal claims in accordance with the terms of the partnership agreement; and (xv) private placement and finder's fees and commissions paid to unaffiliated third parties in respect of subscriptions for interests by any limited partner other than an affiliate of Arcadia Funds.

Arcadia Funds (or any other person designated by the General Partner to receive Management Fees) will bear all fees and expenses relating to the ordinary day-to-day operation of Arcadia Funds and the General Partner incurred in connection with the management of the partnership or Fund other than partnership expenses. Such operating expenses will include, without limitation, expenditures on account of salaries, wages, benefits, travel, and other expenses of the members, agents, and employees of the General Partner, lease payments for space used by the General Partner, bookkeeping services and office equipment, preparation of annual and ordinary audit, and legal expenses of the General Partner. If Arcadia Funds or the General Partner makes any payment of partnership expenses, the partnership will reimburse Arcadia Funds or General Partner for such payments upon request.

Item 6. Performance-Based Fees and Side-By-Side Management

In addition to the fees described above in Item 5, Arcadia Funds receives incentive-based allocations, which are based on the performance of a Fund. To the extent Arcadia Funds charges a performance fee, the investor must be eligible and the performance fee must generally comply with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-based fees, in general, create an incentive for Arcadia Funds or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee.

With respect to any investment by the Fund in a deferred profit recognition investment, incentive allocations, if any with respect to such investment, will be made only at or after the time the Fund recognizes realized proceeds from such investments, or, in the General Partner's discretion, in connection with withdrawals, monetization events and certain other events.

With respect to the Funds that are structured as limited partnerships, any profit or loss will be allocated to all partners (including the General Partner) in proportion to their respective opening capital account balances for such period.

For example, at the end of each fiscal quarter, and in connection with withdrawals and certain other events, profit and loss allocated to the Capital Account of a limited partner for such fiscal quarter will be reallocated (the “Incentive Allocation”) to the Capital Account of the General Partners based on an allocation of profit and loss made between each limited partner and the General Partner in the following order of priority:

- (a) 4% Preferred Return: First, 100% to the limited partner until the cumulative amount of items of profit and loss allocated to the limited partner pursuant to this clause (a) is sufficient to provide the limited partner with a 4% cumulative annual rate of return (compounded annually) on the sum of its capital contributions.
- (b) General Partner “Catch-Up”: Second, 100% to the General Partner until the cumulative amount of items of profit and loss allocated to the General Partner in accordance with this clause (b) equals 20% of the cumulative items of profits and loss allocated to the limited partner pursuant to clause (a) above and the General Partner pursuant to this clause (b) (solely with respect to such limited partner); and
- (c) 80/20 Split: Third, (i) 80% to the limited partner, and (ii) 20% to the General Partner. (Clause (c) does not apply to Arcadia Funds’ Subadvisory Agreement.)

The General Partners are controlled by Messrs. Hallowell, Clark, Stookey and Green, who also control Arcadia Funds.

Notwithstanding any of the fees described above, the General Partner of a Fund also receives a Monetization Event Allocation on a Monetization Event, which includes an initial public offering, merger, consolidation or sale of all or substantially all of the stock or assets of one or more Portfolio Companies (or any combination thereof).

Arcadia Funds may also offer incentive fees to its employees.

The existence of incentive fees, an incentive account allocation, or a Monetization Event Allocation creates an incentive for Arcadia Funds to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of these arrangements.

For more information about potential conflicts of interest, see Item 11.

Item 7. Types of Clients

As stated in Item 4 above, Arcadia Funds provides investment advisory and subadvisory services to private funds for sophisticated, qualified investors, including high net worth individuals, funds of funds, family offices, endowments and other institutions and provides advisory services through a separately managed account. In the future, Arcadia Funds may provide advisory services to funds registered under the 1940 Act.

The fund documents may include certain stated minimum investment amounts, although Arcadia Funds may accept investments in a lesser amount at its sole discretion.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

Arcadia Funds' goal is to maximize return on its investments within the insurance and other financial service industries. To achieve this, Arcadia Funds applies a private equity mindset with extensive insurance underwriting and financial services expertise, bringing together a group of professionals who possess complementary skill sets, strategic relationships and operating expertise that, in combination, seek to deliver value added capabilities, a broad network of resources and deal sourcing capabilities. Arcadia Funds uses a three-pronged approach:

1. Assembling an internal team of senior executives with a range of professional experience including private equity investing, creating and building insurance/financial services companies and applying proven underwriting strategies;
2. Leveraging an advisory group of insurance and financial services executives who have led in critical areas of insurance operations, including underwriting, policy construction, claims management and catastrophe modeling, and on the financial services side have managed risk management, credit policy, underwriting, business development and mergers & acquisitions ("Industry Advisors"); and
3. Partnering with business professionals who have led and built successful businesses within each Fund's focus (the "Advisory Board").

The Funds and the separate account typically invest in credit opportunities through SPEs. This structure allows the Fund and the separate account to commit a discrete amount of equity capital to a given SPE. It also accommodates the utilization of debt by permitting the assets of the SPE to be isolated from the other SPEs and to be pledged as collateral for the SPE's debt obligations. Debt at the SPE level is used to increase the expected return on the SPE while limiting the risk of the specific investment program undertaken by the SPE to the amount of equity that the Fund and the separate account invests in the SPE.

For each SPE, a Fund will contribute equity capital, and, where appropriate, arrange for the SPE to borrow additional funds to help enhance the investment return of an SPE. The Fund will maintain equity capital in each SPE of at least the minimum amount required under any debt facilities utilized by the SPE. Debt may be obtained from banks or other lenders in the form of term or revolving loan facilities, or through the issuance of debt securities issued in compliance with applicable securities regulations. The general objective of the Fund in arranging debt facilities for the SPEs will be to achieve the lowest cost of capital reasonably possible under the circumstances at any given point in time in order to enhance the SPE's returns.

A Fund may consider and opportunistically implement facilities to mitigate the credit risk associated with the investments made by a given Portfolio Company if such facilities are available and are deemed by the Fund to be cost effective. The SPE will be able to draw on

this credit enhancement program to the extent that actual credit losses exceed a defined threshold.

Risks

An investment in the Funds and other investment vehicles (collectively the “investments”) managed by Arcadia Funds involve a significant degree of risk. There can be no assurance that the investments’ objectives will be achieved or that there will be any return of capital. Past performance provides no assurance of future success. The environment for the type of investments that the investments are seeking to make is increasingly competitive and an investor should only invest if the investor can withstand a total loss of its investment. The following are the risks related to Arcadia Funds’ investment activities and to Arcadia Funds. The risks associated with a particular Fund are detailed in each Fund’s offering documents.

The investments generally have a limited period of operating history and are generally investing in a relatively new asset class. This new business venture carries with it a risk of failure, as does any new business venture.

Risks Associated with Arcadia Funds

Reliance on Management of the Investment Adviser

The Funds are dependent on the activities of the key persons at the General Partner (as applicable) and Arcadia Funds. Should one or more of the key persons become incapacitated or in some way cease to participate in a Fund, the Fund’s performance could be adversely affected. No assurances can be given that each of Arcadia Funds’ principals will continue to be affiliated with the firm. Some of the principals or members of the General Partner or Arcadia Funds may have limited experience working together to manage an investment fund. Notwithstanding any prior experience that members of the General Partner or the Arcadia Funds may have in making investments of the type expected to be made by the Fund, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that Arcadia Funds or the General Partner will be able to duplicate prior levels of success.

Limited Operating History

Arcadia Funds is a recently formed entity and has limited operating history on which investors can evaluate the potential performance of the Funds. There can be no assurance that Arcadia Funds will be able to successfully identify credit opportunities, through its investment in Portfolio Funds and SPEs, which will be appropriate for the Funds’ investment objective and strategies or that it will be able to achieve or sustain profitability.

The Funds are investing in a relatively new asset class, which carries with it a risk of failure, as does any new business venture.

Dependence on Lending Club

The Funds’ success is largely tied to the success of LC and the Funds’ negotiated rights with LC. In the event LC were not able to conduct its business successfully (including, without

limitation, with respect to attracting borrowers, servicing member loans and remaining adequately capitalized) or if LC were to experience a material adverse effect or a complete failure of its business, it would materially and adversely affect the performance of the Funds.

LC is the primary facilitator of the loans and other assets that the Funds and their Portfolio Companies will invest in, and the Funds would likely be unable to fulfill their investment program if LC were to dissolve, liquidate, become bankrupt or otherwise cease operations or change its business and cease originating loans or issuing member payment dependent notes. Further, LC has no legal obligation to offer or sell loans to the Funds or any of their Portfolio Companies.

Potential investors are advised to review the “Risk Factors” in LC’s most recent 10-K and 10-Q filings with the SEC, which are available online at https://www.lendingclub.com/info/sec_filings.action.

Investments in New LC Products

From time to time, a Fund or SPE may make investments in new loan products being facilitated by LC. As a result of such products being new to the LC platform, the risk associated with such new loan products may not yet be appropriately assessed by LC or reflected in the interest rates charged to the borrowers under such products. As a result, such investments may hold greater risk than investments in products that have been on the LC platform for a number of years.

Potential Liabilities

The Funds will indemnify the General Partners (as applicable) and the managing directors of Arcadia Funds, among others, for liabilities incurred in connection with operations of the Funds. Such indemnification obligations and other liabilities could be substantial.

Dependence on General Partner and Investment Manager

The Funds will be dependent upon the activities of the key persons at Arcadia Funds. Should one or more of the key persons become incapacitated or in some way cease to participate in a Fund, the Fund’s performance could be adversely affected. No assurances can be given that each of Arcadia Funds’ principals will continue to be affiliated with the Funds throughout their term. Some of the Arcadia Funds principals may have limited experience working together to manage an investment fund. Notwithstanding any prior experience that Arcadia Funds may have in making investments of the type expected to be made by the Funds, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that Arcadia Funds will be able to duplicate prior levels of success.

Tax Laws and Foreign Investor Considerations

Arcadia Funds will attempt to structure the Funds in a manner that is tax-efficient for U.S. investors. However, there can be no assurance that such structure will be tax-efficient for any particular investor or that any particular tax result will be achieved. Furthermore, in general, tax laws, rules and procedures are extremely complex and are subject to change,

which in some cases may have retroactive effect. Prospective investors are urged to consult with their tax advisors for further information about the tax consequences of purchasing an interest in the Funds. Prospective non-U.S. investors should consult with their tax advisors for information about the tax consequences of purchasing an interest in the Funds. Under certain circumstances, investors could be required to recognize taxable income in a taxable year, even if the Funds have not made distributions in an amount to cover taxes that might result from such taxable income.

Regulatory and Legal Risks.

It is impossible to predict what, if any, changes in regulation or adverse legal proceedings will be applicable to Arcadia Funds, the Funds, Portfolio Companies and the markets in which they trade or invest. The effect of any future regulatory change or legal proceeding could be substantial and adverse. Investors should understand that the Funds' business is dynamic and is expected to change over time. Therefore, Arcadia Funds, the Funds, and/or Portfolio Companies may be subject to new or additional regulatory constraints or adverse legal proceedings in the future.

Strategy and Investment Risks

Nature of Investments Generally

The Portfolio Companies will invest generally in private debt obligations of consumers and businesses. Such investments are expected to produce payment of interest and principal on a regular basis, thereby providing each Portfolio Company with internally generated liquidity. The Fund's investments in Portfolio Companies, however, are not expected to be readily marketable or freely transferable, and are therefore considered to be illiquid. Consequently, dispositions of portfolio investments will be generally dependent on the payment of interest and amortization of principal, which could limit the ability to make distributions or redemptions.

Use of Leverage

The Portfolio Companies of a Fund will use leverage and incur indebtedness in acquiring and holding assets. The greater the total borrowings of a Portfolio Company relative to its investments, the greater the risk of loss and possibility of gain. In addition, money borrowed by a Portfolio Company will be subject to interest costs, which will be a direct or indirect expense of the Portfolio Company, and, to the extent not covered by income attributable to the investments acquired, will adversely affect the operating results of the Fund.

The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in the Fund. Under the terms of any credit facility or other debt instrument a Portfolio Company enters into, such Portfolio Company is likely to be required to use the net proceeds of certain or any investments that it sells to repay amounts borrowed under such facility or instrument before applying such net proceeds to any other uses.

If the value of a Portfolio Company's assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had the Portfolio Company not

leveraged, thereby magnifying losses for a Fund or eliminating the Fund's stake in a leveraged investment or Portfolio Company. Similarly, any decrease in a Portfolio Company's income will cause its net income to decline more sharply than it would have had the company not borrowed, with the result that the Fund's assets and net income may also decline more sharply than they would absent the use of leverage by the Portfolio Companies. The Fund's (and its Portfolio Companies') ability to service its debt will depend largely on its financial performance and will be subject to prevailing economic conditions and competitive pressures.

The credit facilities are and will be subject to numerous conditions. Breach of such conditions could result in a default under the credit agreement, which in turn could result in the Portfolio Company being required to stop purchasing new loans, stop borrowing under the credit facility, and repay the interest and principal owed to the lender before making any distributions to investors. In certain cases, a default could result in the ability of the lender to seize the assets of the Portfolio Company and dispose of the assets in the manner deemed appropriate by the lender.

In addition, certain of the credit facilities may contain "key man" clauses that could result in a default under such credit facility in the event that any of the Arcadia Funds' principals is no longer with the Fund unless such departure is approved by the lender(s). The use of leverage may also result in the recognition of "unrelated business taxable income" for certain tax-exempt investors in the Funds.

Risks of Targeted Portfolio and Liquidity Risks

The Funds may concentrate the majority of their investments in credit opportunities with an initial concentration on the consumer and small business loan industries, and may not be diversified in multiple industries. Any disruptions to the consumer and small business loan industry will affect the value of a Fund's portfolio more than they would likely affect a portfolio that was not similarly concentrated. Therefore, the Fund may be subject to greater risk of loss than a more broadly diversified fund.

There may be no readily available market for a Fund's investments, many of which will be difficult to value. Consequently, the Fund may not be able to dispose of an investment when it desires to do so.

Economic and Market Risks

While Arcadia Funds expects that many attractive investments of the type in which a Fund intends to invest are currently available, there can be no assurance that such investments will continue to be available, or that available investments will meet the Fund's investment criteria. The marketplace for investing in assets of the type the Funds are invested in has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments, and the competition for investment opportunities is at high levels. The Funds will compete for investments with other funds and companies, some of which have greater resources than the Fund. There can be no assurances that Arcadia Funds will locate an adequate number of

attractive investment opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified.

General economic conditions beyond the control of Arcadia Funds may affect the performance of the Funds. Interest rates, general levels of economic activity, performance of the public securities markets and participation by other investors in the financial markets may affect the value of the assets acquired by the Funds and the Portfolio Companies. Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds.

Interest Rate Risk

The Funds will generally seek to employ hedges to mitigate the risk of rising interest rates on any funds they borrow to finance the purchase of investments. Therefore, a Fund's exposure to the effect of increasing levels of interest rates in the economy generally is expected to be limited with respect to its existing debt obligations.

Higher levels of interest rates could result in increased borrowing costs for future borrowings of a Fund. If the interest rates received on the purchased loans do not increase commensurately, and assuming no changes in default rates on the purchased loans or other operating expenses of the Fund, the Fund's returns would likely be reduced. If borrowing costs were to rise substantially without commensurate offsetting changes in the interest rates on the purchased loans or other factors, the Fund may elect to discontinue the purchase of loans and allow the then existing portfolio of loans to amortize.

With respect to the hedging of interest rate risk by a Fund, it should be noted that while the Fund's audited financial statements will appropriately recognize changes in the fair market value of the hedges, changes in the value of the hedges will be excluded for the purposes of determining the Capital Accounts of the limited partners. This is based on the position that there is an intent by the Fund to hold the hedges to maturity, the hedges are being held for the purpose of offsetting changes in the cost of the Funds borrowings, and gains and losses in the value of the hedges will net to zero over the life of the hedges assuming they are held to maturity.

Availability of Financing; Terms of Financing

Because a Fund's Portfolio Companies will use leverage and incur indebtedness, returns realized by the Fund will depend significantly on the availability of leverage financing and the terms applicable thereto. To the extent a Fund cannot obtain debt financing for any Portfolio Company, the ability of the Fund to make investments will be restricted and returns to the Fund and Limited Partners, as applicable, will be reduced.

Insufficient Supply of LC Loans

The Funds' investment program may depend upon a sufficient supply of borrowers, which is outside of the control of LC, and if there is insufficient supply to meet the Funds' demand, it will be unable to fulfill its investment program. In such case, the Fund may hold extensive cash positions for extended periods of time, potentially reducing the returns of the Fund.

Risks Associated with LC

Risk of LC Investments

Investments in loans on the LC platform or other platforms involve a high degree of business and financial risk and can result in substantial loss. Among those risks are the general risks associated with investing in consumer or small business loans. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that a Fund will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization is uncertain.

The Fund's task of identifying investment opportunities, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. In making its investment decisions, a General Partner (as applicable) may rely upon its own or a consultant's projections concerning future growth and performance; such projections are inherently subject to uncertainty and to certain factors beyond the control of the General Partner or the consultant.

LC Loans are Unsecured Obligations

Consumer loans facilitated by LC are unsecured obligations and as such are not backed by any collateral or guaranteed nor are they insured by any third party or governmental authority. Investors must rely on LC and its designated third-party collection agency to pursue collection against any borrower. LC and its designated third-party collection agency are limited in their ability to collect loans. In certain instances, an SPE may have no recourse against the ultimate borrowers and no ability to pursue such borrowers to collect payments under loans.

Fluctuations in Interest Rates Could Negatively Affect Transaction Volume

All personal and nearly all small business loans facilitated through LC are issued with fixed interest rates. Education and patient finance loans facilitated by Springstone are issued with fixed or variable rates, depending on the type of loan. If interest rates rise, the Funds may lose the opportunity to take advantage of the higher rates. Additionally, potential borrowers could seek to defer loans as they wait for interest rates to settle, and borrowers of variable rate loans may be subject to increased interest rates. If interest rates decrease after a loan is made, borrowers may prepay their loans to take advantage of the lower rates. The Funds would lose the opportunity to collect above-market interest rates payable on the corresponding loans and may delay or reduce future loan investments.

Borrower Credit Misinformation

Credit and other information that LC receives from third parties about a borrower may be inaccurate or may not accurately reflect the borrower's creditworthiness, which may cause LC to inaccurately price loans facilitated through its platform.

LC obtains borrower credit information from consumer reporting agencies, such as TransUnion, Experian or Equifax, and assigns loan grades to loan requests based on such platform's credit decisioning and scoring models that take into account reported credit score, other information reported by the consumer reporting agencies and the requested

loan amount, in addition to a variety of other factors. A credit score or loan grade assigned to a borrower may not reflect that borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate consumer reporting data, and LC does not verify the information obtained from the borrower's credit report.

Additionally, there is a risk that, following the date of the credit report that LC obtains and reviews, a borrower may have: (1) become delinquent in the payment of an outstanding obligation; (2) defaulted on a pre-existing debt obligation; (3) taken on additional debt; or (4) sustained other adverse financial events. If borrowers default on loans that are not priced correctly, investors may try to rescind their affected investments in these loans and LC's reputation may be harmed. Moreover, the Portfolio Funds and SPEs do not, and will not, have access to financial statements of the borrowers.

Information Supplied by Borrowers may be Inaccurate or False

Information supplied by borrowers may be inaccurate or intentionally false. Other than as described below, LC does not verify this information, and it may be inaccurate or incomplete. For example, LC does not verify a borrower's stated tenure, job title, home ownership status or intention for the use of loan proceeds, and the information borrower's supply may be inaccurate or intentionally false. Unless LC has specifically indicated otherwise in a loan listing, it does not verify a borrower's stated income. For example, LC does not verify paystubs, IRS Forms W-2, federal or state income tax returns, bank and savings account balances, retirement account balances, letters from employers, home ownership or rental records, car ownership records or any records related to past bankruptcy and legal proceedings. For the year ended December 31, 2014, approximately 70.0% of LC's prime consumer borrowers provided satisfactory responses to verify their income or employment, while the remaining borrowers did not have their income or employment verified. For LC's custom policy program, approximately 95.3% of borrowers had their income or employment verified over the same period. The identity of borrowers is not revealed to Arcadia Funds, and Arcadia Funds had no ability to obtain or verify borrower information. Potential investors may only communicate with borrowers through LC's website postings, and then only on an anonymous basis. If Arcadia Funds were to rely on false, misleading or unverified information supplied by borrowers in deciding to purchase a loan or a trust certificate, they may lose part or the entire purchase price they pay for a note. LC is only providing information that was submitted to them by the borrower. LC advises potential investors as to the limitations on the reliability of the borrower information, and notes that an investor's recourse in the event this information is false will be extremely limited.

Borrower Identity Fraud

While LC takes precautions to prevent borrower identity fraud, it is possible that identity fraud may still occur and adversely affect the Funds' ability to receive the principal and interest payments that it expects to receive on notes. LC uses identity checks with a third-party provider to verify each borrower's identity and credit history. There is a risk that identity fraud may occur without LC detecting it, and a loan obtained by identity fraud may simply default. The Portfolio Fund or SPE should expect to lose its full investment under such circumstances.

LC has the exclusive right to investigate claims of identity theft and determine, in its sole discretion, whether verifiable identity theft has occurred. As LC is the sole entity with the ability to investigate and determine verifiable identity theft, which under certain limited circumstances may trigger a repurchase obligation, a conflict of interest exists as the denial of a claim under LC's identity theft guarantee would save it from the repurchase obligation.

Borrower's Failure to Make Timely Payments

If payments on a loan become overdue, it is unlikely investors will receive the full principal and interest payments that investors expect due to collection fees and other costs, and investors may not recover any of the original purchase price. If a borrower fails to make a required payment on a loan within 30 days of the due date, LC will pursue reasonable collection efforts. LC may handle collection efforts in respect of a delinquent loan itself, or refer the loan to a collection agency on the 31st day of its delinquency. These efforts will be considered reasonable collection efforts. If LC refers a loan to a collection agency, it will have no other obligation to attempt to collect on that delinquent loan. If payment amounts on a delinquent loan are received from a borrower more than 30 days after their due date, LC, or, if LC has referred the loan to an outside collection agency, that collection agency, will retain a percentage of any funds recovered from such borrower as a service fee before any principal or interest becomes payable to the Funds from recovered amounts. LC or the collection agency may be unable to recover some or all of the unpaid balance of a non-performing loan. The Funds must rely on the collection efforts from LC and the designated collection agency.

Debtor Relief

Borrowers may seek the protection of debtor relief under federal bankruptcy or state insolvency laws, which may result in the nonpayment of the loans. Borrowers may seek protection under federal bankruptcy law or similar laws. If a borrower files for bankruptcy (or becomes the subject of an involuntary petition), a stay will go into effect that will automatically put any pending collection actions, on hold and prevent further collection action absent bankruptcy court approval. If LC receives notice that a borrower has filed for protection under the federal bankruptcy laws, or has become the subject of an involuntary bankruptcy petition, LC will put the borrower's loan account into "bankruptcy status." When LC puts a loan into bankruptcy status, it may terminate automatic monthly Automated Clearing House debits and not undertake collection activity without bankruptcy court approval. Whether any payment will ultimately be made or received on a loan after a bankruptcy status is declared, depends on the borrower's financial situation and the determination of the court. It is possible that the borrower's liability on the loan will be discharged in bankruptcy. In most cases involving the bankruptcy of a borrower with an unsecured loan, unsecured creditors, including LC or a SPE will receive only a fraction of any amount outstanding on their loan, if anything.

Usury Laws

If LC's platform was found to violate a state's usury laws, an investor's investment may lose substantial value and the investor may lose all of the interest otherwise payable on the loan. The interest rates charged to borrowers are based upon the ability under federal law

of the issuing bank that originates the loan, to export the interest rates of its jurisdiction of incorporation to provide for uniform rates to all borrowers in all states that have not opted out. WebBank, LC's primary issuing bank, exports the interest rates of Utah, which allows parties to agree by contract to any interest rate. The current annual percentage rates offered by WebBank through LC's platform range from approximately 6.78% to 29.99%. Of the forty-six jurisdictions whose residents may obtain loans (including the District of Columbia), only seven states (Arizona, Nevada, New Hampshire, New Mexico, South Carolina, South Dakota and Utah) have no interest rate limitations on consumer loans, while all others have a maximum rate less than the current maximum rate offered by WebBank through LC's platform. If a borrower were to successfully bring a claim against LC for a state usury law violation and the rate on the loan and note underlying that borrower was greater than that allowed under applicable state law, the value of the investor's investment may decline as the investor would not receive the total amount of interest they expected from their investment, and in some cases investors may not receive any interest or principal; which could reduce the attractiveness of LC's platform and cause a substantial decline in LC's business results. LC may also be subject to fines and penalties. Moreover, if LC was unable to partner with any other issuing bank, it would have to substantially modify business operations from the manner currently contemplated and would be required to maintain state specific licenses and only provide a limited range of interest rates, all of which would substantially reduce their operating efficiency and attractiveness to investors in many cases and possibly result in a decline in LC's operating results.

Risks Related to Loans to Small Businesses

Certain loans will consist of term loans to small and medium-sized privately owned enterprises ("SMEs"). The Funds expect to acquire loans to privately-owned SMEs that are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that such loans generally will be subject to greater risks than investment-grade corporate obligations. These risks could be exacerbated to the extent that a Fund's portfolio is concentrated in one or more particular types of loans, and such concentration of the portfolio in any one industry or region could subject the Funds to a greater degree of risk with respect to economic downturns relating to such industry or region. The market for below investment-grade loans has experienced periods of severe price volatility and reduced liquidity.

Although loans to SMEs are personally guaranteed by a 20% or greater owner, loans to SMEs may carry more inherent risks than loans to larger, publicly traded, entities. For example, there is generally no publicly available information about privately-owned companies and some obligors may not meet net income, cash flow and other coverage tests typically imposed by lenders. Further, SMEs may be highly leveraged and may not have available to them more traditional methods of financing. These companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position, may need more capital to expand or compete, and may be unable to obtain financing from public capital markets or from traditional sources, such as commercial banks. Accordingly, loans made to SMEs may involve higher risks than other types of commercial loans. SMEs typically have narrower product lines and smaller market shares than large businesses. Therefore, they tend to be more vulnerable to competitors' actions

and market conditions, as well as general economic downturns. These businesses may also experience substantial variations in operating results. The success of an SME may also depend on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on the obligor.

If LC is unable to increase transaction volumes, business and results of operations will be affected adversely

If LC is unable to maintain or increase loan originations facilitated through its marketplace or if existing borrowers or investors do not continue to participate on the marketplace, business and results of operations will be adversely affected. LC has experienced rapid revenue and origination growth through their platform in recent periods, with loan originations more than doubling each year from 2008 through 2013, and with originations totaling \$2.1 billion for the year ended December 31, 2013, \$4.4 billion for the six months ended June 30, 2014, and \$3.5 billion for the first six months of 2015. To continue to grow its business, LC must continue to increase loan originations by attracting a large number of new borrowers who meet the platform's lending standards and new and existing investors interested in investing in these loans. LC has experienced a high number of inquiries from potential borrowers who do not meet the criteria for loan application approval. If there are not sufficient qualified loan requests, investors may be unable to deploy their capital in a timely or efficient manner and may seek other investment opportunities. If there are not sufficient investor commitments, borrowers may be unable to obtain investment capital for their loans and stop using LC's marketplace for their borrowing needs. Additionally, existing borrowers and investors must continue to participate in LC's marketplace. Further, although LC has a wide variety of investors, a relatively small number of investors account for a large dollar amount of investment in loans funded through the platform. The degree of overall transaction volume may be affected by several factors, including the interest rates offered to borrowers and investors relative to market rates, the efficiency and cost-effectiveness of LC's platform, the macroeconomic environment and other factors, or by a large number of investors ceasing at the same time to use the platform over a short period of time. If LC is unable to attract qualified borrowers and sufficient investor commitments or borrowers and investors do not continue to participate in LC's marketplace at the current rates, it will be unable to increase loan originations and revenue may grow more slowly than expected or decline.

Limited Historical Performance Data

LC's performance data about borrower performance on its loan program is limited. Default and charge-off rates on loans may increase. Due to its limited operational and origination history, LC has limited historical performance data regarding borrower performance on loans, and it does not yet know what the long-term loss experience may be. Extensive data regarding the historical performance of Lending Club loans can be found on Lending Club's website (www.LendingClub.com). As actual loss experience increases on the LC platform, it may change how loan interest rates are set, and investors who have purchased notes prior to any such changes will not benefit from these changes.

Conflicts of Interest

There are potential conflicts of interest in the Funds' structure and operation, particularly with respect to activities of management outside of their activities on behalf of the Funds (including with respect to their activities on behalf of prior Funds) and receipt by management of compensation from Portfolio Companies with respect to certain services provided by management. Furthermore, the key persons and their respective affiliates do now, and are permitted to in the future, organize, offer interests in and provide services to, as well as invest in, other funds that may or may not be in the same investment field as the Funds, which activities may conflict with their duty to or interest in the Funds. The Funds may have no interest in these activities. As a result of the foregoing, Arcadia Funds and its key persons may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the Funds and other funds or undertakings.

The Funds' return from investing will be affected by the management fees payable to Arcadia Funds and the incentive fees payable to the General Partner.

In the event that there is a conflict between the Funds and either prior Funds with regard to an investment opportunity, Arcadia Funds will use its reasonable discretion, in good faith, to resolve the conflict.

For more information about conflicts of interest, see Item 11 below.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arcadia Funds or the integrity of its management. There are no material legal or disciplinary events to disclose related to Arcadia Funds' business or its management.

Item 10. Other Financial Industry Activities and Affiliations

As described in Item 4, Arcadia Funds is Delaware limited liability company that is wholly-owned by Messrs. Hallowell, Clark, Stookey, and Green. Arcadia Funds organizes and sponsors Funds, which are private partnerships. These partnerships are managed by Arcadia Funds and controlled by affiliated partner entities. Messrs. Hallowell, Clark, Stookey and Green serve as the General Partners of these Funds.

Arcadia Funds is not affiliated with any broker-dealer, nor does it have personnel who are registered representatives of a broker-dealer. Neither Arcadia Funds nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

Arcadia Funds does not recommend or select other investment advisers. It does not receive compensation from any advisers or third parties.

Item 11. Code of Ethics, Participation or Interest in Fund Transactions and Personal Trading

Code of Ethics

Arcadia Funds has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of Arcadia Funds' covered persons. The term "covered person" means any partner, officer or director of Arcadia Funds, or any other person occupying a similar status or performing similar functions, an employee of Arcadia Funds; and any other person (including an independent contractor) who provides investment advice on behalf of Arcadia Funds and is subject to the supervision and control of Arcadia Funds.

Arcadia Funds' Code of Ethics addresses the following areas: acting as a fiduciary by placing the interests of the clients first, avoidance of conflicts of interest, disclosure of outside business activities, reporting of certain gifts and entertainment, treatment of confidential information, political contributions, prohibition against insider trading, and procedures for personal securities transactions of Arcadia Funds' covered persons and pre-clearance of initial public offerings, limited offerings and private offerings. Each covered person is required to certify annually that he or she has read and understands the Code of Ethics. Arcadia Funds will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact Brent Clark at bclark@arcadiafunds.com for a copy.

Arcadia Funds' Chief Compliance Officer ("CCO") is responsible for ensuring that Arcadia Funds receives duplicate brokerage account statements for anyone associated with Arcadia Funds who has a securities account with a broker-dealer. A review of the trading activity of Arcadia Funds personnel with such securities accounts will be conducted quarterly to ensure that the personnel comply with Arcadia Funds' personal trading policy.

Conflicts of Interest

The conflicts of interest that may be encountered by Arcadia Funds include those discussed below, although these discussions not describe all of the conflicts that may be faced by Arcadia Funds and the Funds. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts are likely to subsequently arise.

The discussion below reflects the intended practices of Arcadia Funds and the Funds. Please refer to the limited partnership agreement (or analogous organizational document) of the applicable Fund for details regarding the practices of each Fund.

Potential Conflicts of Interest

There are potential conflicts of interest in the Funds' structure and operation, particularly with respect to activities of management outside of their activities on behalf of the Funds (including with respect to their activities on behalf of prior Funds) and receipt by management of compensation from Portfolio Companies with respect to certain services provided by management. Furthermore, the key persons and their respective affiliates do now, and are permitted to in the future, organize, offer interests in and provide services to, as well as invest in, other funds that may or may not be in the same investment field as the Funds, which activities may conflict with their duty to or interest in the Funds. The Funds may have no interest in these activities. As a result of the foregoing, Arcadia Funds and its key persons may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the Funds and other funds or undertakings.

In the event that there is a conflict between the Funds and either prior Funds with regard to an investment opportunity, Arcadia Funds will use its reasonable discretion, in good faith, to resolve the conflict.

In the event that there is a conflict between the Fund and either prior fund with regard to an investment opportunity, the General Partner will use its reasonable discretion, in good faith, to resolve the conflict. Furthermore, Arcadia Funds will form a Compliance Committee consisting of the managing partners and the CCO to assist the CCO in the oversight of Arcadia Funds' compliance program.

Investors in the Funds may have conflicting investment, tax, and other interests. These conflicting interests may be related to, or arise from, among other matters, the acquisition or structuring of investments and the timing and disposition of investments. Conflicts of interest may arise in connection with decisions made by a General Partner or Arcadia Funds that may be more beneficial for one investor than for another (for example with respect to investors' particular tax situations). In addition, the Funds may make investments that may have a negative impact on related or unrelated investments.

A current board member, the former CEO, and Lending Club itself all have a non-controlling limited partnership interest in Cirrix Capital, L.P.

Side Letters

Arcadia Funds routinely enters into side letter agreements with certain investors in the Funds. These Side Letters contain terms, which often results in preferential treatment, with respect to, among other things:

- The fee structure, including reduced advisory fees and/or changes to the incentive allocation that are more favorable to the Limited Partnership Agreement.
- Designation as an "Excluded Partner" that excludes the investor's capital contributions from certain of the Funds' investments.

- The right to request withdrawals at specific times and in amounts that differ from the Limited Partnership Agreement.

Arcadia Funds will consider many factors in deciding whether to accord investors customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Funds or that are anticipated to be important to future fundraising efforts;
- investors that are subject to specific legal, tax or regulatory status or other requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

Arcadia Funds has no obligation to offer any such additional rights, terms or conditions to any other investor in the Funds, except to the extent required by the governing documents of the applicable Fund.

Allocation of Opportunities

Although Arcadia Funds advises Funds with a similar investment focus, each Fund holds a unique collection of loans. Therefore, it is unlikely that opportunities will arise where investments by more than one Fund would be appropriate. Similarly, the Funds will not co-invest in certain investments alongside each other. If an allocation or co-investment opportunity were to arise, such investment would be done in accordance with the relevant Fund Documents and Arcadia Funds would seek to ensure as much as practicable that each Fund participates on comparable terms.

Item 12. Brokerage Practices

The Funds invest primarily in loans facilitated by LC. Although Arcadia Funds does not intend to regularly engage in public securities transactions, to the extent it does so, it will follow the brokerage practices described below.

Given the nature of Arcadia Funds' business, it does not block trades nor does it recommend, request or require that its Funds direct Arcadia Funds to execute transactions through a specified broker-dealer.

Arcadia Funds does not receive research, products or services other than execution from broker-dealers or third parties in connection with client securities transactions in publically traded securities.

Arcadia Funds does not engage in cross trades.

To the extent Arcadia Funds is required by applicable law, and in the event Arcadia Funds invests in a marketable security where the involvement of a broker is required, Arcadia Funds has a fiduciary duty to seek to obtain best execution. Brokers will be selected with a view to obtaining best execution of transactions. Arcadia Funds believes that best execution is typically achieved not necessarily by negotiating the lowest commission rate but by seeking to obtain the best overall result. Arcadia Funds will consider all factors it deems relevant including execution capabilities, financial stability of the broker, responsiveness, confidentiality, promptness, clearance, settlement, and price.

Item 13. Review of Accounts

Arcadia Funds intends to closely monitor the Portfolio Companies of each Fund and will generally maintain an ongoing oversight position in such Portfolio Companies. The holdings of each Fund are generally illiquid and long-term in nature and accordingly, Arcadia Funds' review of them is not directed towards a short term decision to dispose of securities.

Arcadia Funds will review client accounts on a monthly quarterly basis, through meetings of the valuation committee, which is composed Messrs. Hallowell, Clark, Goodman, Green, and Stookey. Investment models and capital markets are monitored on a continuous basis. Additional reviews may occur when market conditions change or there are material events that would impact the assets in a Fund or the way it should be managed.

Arcadia Funds' investment professionals prepare written monthly valuation reports that are reviewed by the valuation committee. These monthly reports prepared contain a detailed list of holdings, performance review, and general market information. This information is used as the basis for the reports that are provided to investors in the Funds.

Item 14. Client Referrals and Other Compensation

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it: (a) receives compensation from a third-party for providing investment management services to the adviser's clients; or (b) it provides compensation to third-parties for client referrals.

As stated in Item 5 above, Arcadia Funds and its affiliates will be entitled to receive consulting fees, advisory fees, or any other fees for service in connection with the facilitation, completion, management, holding, disposition, termination, cancellation, or abandonment of any consummated or proposed investment or other transaction by the Funds; provided that any such fees or compensation will be on customary terms and at competitive market rates for comparable services, as determined by the Fund's General Partner in its reasonable discretion. Such fees shall not offset or otherwise reduce the management fee payable by the Funds. The General Partner to the Funds anticipates

charging transactional fees in connection with the closing of senior credit facilities on behalf of the Funds' Portfolio Companies.

Arcadia Funds and its affiliated General Partners have entered into selling agreements with selling agents under which they engage broker-dealer selling agents on a non-exclusive basis, to sell the Funds. Pursuant to these agreements, Arcadia Funds will pay a commission to the selling agent upon initial funding of a Fund and a trailing commission of distributions received by the General Partner.

Arcadia Funds has also entered into a solicitation agreement with a third party pursuant to which it will pay the third party to solicit persons who may have an interest in establishing individual investment management or investment advisory accounts with Arcadia Funds.

Item 15. Custody

Arcadia Funds uses U.S. Bank National Association as a third party custodian for certain of the Funds' securities that are required and able to be maintained at a qualified custodian pursuant to Rule 206(4)-2 under the Adviser's Act. For other securities that exist in uncertificated form that cannot, and are not required, to be maintained at a qualified custodian, LC acts as custodian if possible. All loan documentation and proof of ownership are held by LC. U.S. Bancorp Fund Services, LLC ("US Bancorp") performs fund administration, including fund accounting and investor reporting services for the Funds.

Arcadia Funds, as the investment manager of Cirrix Capital L.P., is deemed to have custody of investors' assets pursuant to the Advisers Act, as a result of the fact that Arcadia Funds has the authority and ability to deduct advisory fees and securities directly from investors' accounts. To mitigate any potential conflicts of interests due to this arrangement, all our client account assets that include cash and certificated securities are maintained with an independent non-affiliated qualified bank custodian.

Cirrix Capital L.P.'s assets, Cirrix Capital, LLC, Cirrix Capital II, LLC, and Cirrix Capital III, LLC (the SPEs), are privately offered interests exempt from the requirement under the Advisers Act that they be held at a qualified custodian.

As outlined in Rule 206(4)-2 of the Advisers Act, investment advisers deemed to have custody of client assets (other than through the ability to debit fees) are generally required to have an annual independent verification of those assets. The verification must be in the form of a surprise examination performed by an independent non-affiliated certified public accountant. However, an exception applies in the case of private investment funds, so long as the private fund is receiving annual audits of its financial statements performed by an independent public accountant, which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). In addition, the audited financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and distributed to all investors within 120 days of the end of the private fund's fiscal year. The private funds also must receive an audit upon full liquidation and the

audited financial statements must be distributed to all of a fund's investors promptly after the completion of such audit.

Currently, Arcadia Funds does not have annual surprise audits performed since the Cirrix Capital L.P. and the SPEs receive annual audits of their financial statements by a public accounting firm that is registered with and subject to regular inspection by the PCAOB. Arcadia Funds assists with the distribution of the audited financial statements to its investors and ensures such distributions are made within 120 days of Cirrix Capital L.P.'s fiscal year end. Should Cirrix Capital L.P. liquidate its assets, Arcadia Funds will ensure its financial statements are audited at that time and distributed to investors.

Item 16. Investment Discretion

Arcadia Funds has discretionary authority to manage investments on behalf of its clients. Arcadia Funds assumes this discretionary authority pursuant to the terms of the relevant Advisory Agreement. Investment advice is provided by Arcadia Funds directly to the Funds, subject to the direction and control of the affiliated General Partner of each Fund and not individually to the investors in the Funds.

The General Partner and Arcadia Funds expressly acknowledge and agree that the General Partner shall have the exclusive power and authority to make decisions on behalf of the Funds, to establish and maintain investment and other policies of the Funds, and to control the acquisition and disposition of investments by the Funds. The General Partner shall have no obligation to accept or otherwise act in accordance with any recommendations made by Arcadia Funds.

Item 17. Voting Client Securities

Arcadia Funds has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how it will vote proxies, as applicable, for each Fund's portfolio investments.

If there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Arcadia Funds may address the conflict using several alternatives, including by seeking the advice of the Compliance Committee on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy.

Clients may discuss proxies and/or receive a copy of Arcadia Funds' Proxy Policy by calling 781.418.1049.

Item 18. Financial Information

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. Arcadia Funds does not require prepayment of fees six months or more in advance. Therefore, it is not required to include a balance sheet with this brochure. Arcadia Funds has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients. Arcadia Funds has not been the subject of a bankruptcy proceeding.